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SECURITIES AND  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8-37745

**FACING PAGE  
Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING January 1, 2011 AND ENDING December 31, 2011  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: CMP Equities, Inc.

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

6400 Flying Cloud Drive, Suite 270

(No. and Street)

Eden Prairie

Minnesota

55344

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

David Skoog

952-903-2200

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Lurie Besikof Lapidus & Company, LLP

(Name - if individual, state last, first, middle name)

2501 Wayzata Boulevard

Minneapolis

Minnesota

55405

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, David Skoog, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CMP Equities, Inc., as of December 31, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

David J Skoog  
Signature  
Pres  
Title

Sandra S Demars  
Notary Public



This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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INDEPENDENT AUDITOR'S REPORT

The Director and Stockholder  
CMP Equities, Inc.  
Eden Prairie, Minnesota

We have audited the accompanying statement of financial condition of CMP Equities, Inc. as of December 31, 2011, and the related statements of income, changes in stockholder's equity, changes in liabilities subordinated to claims of creditors, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CMP Equities, Inc. as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Lurie Besikof Lapidus & Company, LLP*

Lurie Besikof Lapidus & Company, LLP  
Minneapolis, Minnesota

February 23, 2012

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fax 612.377.1325

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CMP EQUITIES, INC.

STATEMENT OF FINANCIAL CONDITION  
December 31, 2011

ASSETS

CASH	\$ 6,278
PREPAID EXPENSES	<u>557</u>
	<u>\$ 6,835</u>

LIABILITY AND STOCKHOLDER'S EQUITY

SUBORDINATED BORROWING	\$ 3,000
STOCKHOLDER'S EQUITY	<u>3,835</u>
	<u>\$ 6,835</u>

CMP EQUITIES, INC.

STATEMENT OF INCOME  
Year Ended December 31, 2011

INCOME		
Commissions earned		<u>\$ 28,394</u>
OPERATING EXPENSES		
Regulatory fees and expenses	\$ 1,263	
Other expenses	<u>915</u>	<u>2,178</u>
NET INCOME		<u>\$ 26,216</u>

See notes to financial statements.

CMP EQUITIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
Year Ended December 31, 2011

	<u>Number of Shares</u>	<u>Common Stock *</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Stockholder's Equity</u>
BALANCE – DECEMBER 31, 2010	1,000	\$ 10	\$ 8,158	\$ (4,244)	\$ 3,924
<b>Contribution</b>	-	-	200	-	200
<b>Distribution</b>	-	-	-	(26,505)	(26,505)
<b>Net income</b>	-	-	-	26,216	26,216
<b>BALANCE – DECEMBER 31, 2011</b>	<u>1,000</u>	<u>\$ 10</u>	<u>\$ 8,358</u>	<u>\$ (4,533)</u>	<u>\$ 3,835</u>

\* Par value \$.01 (authorized – 250,000 shares)

CMP EQUITIES, INC.

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF CREDITORS  
Year Ended December 31, 2011

BALANCE – December 31, 2011 and 2010

\$ 3,000

See notes to financial statements.

CMP EQUITIES, INC.

STATEMENT OF CASH FLOWS  
Year Ended December 31, 2011

OPERATING ACTIVITIES	
Net income	\$ 26,216
Adjustment to reconcile net income to net cash provided by operating activities:	
Prepaid expenses	<u>46</u>
Net cash provided by operating activities	<u>26,262</u>
FINANCING ACTIVITIES	
Distribution	(26,505)
Contribution	<u>200</u>
Net cash used by financing activities	<u>(26,305)</u>
NET DECREASE IN CASH	(43)
CASH	
Beginning of year	<u>6,321</u>
End of year	<u>\$ 6,278</u>

See notes to financial statements.

CMP EQUITIES, INC.

NOTES TO FINANCIAL STATEMENTS

1. Description of Business and Summary of Significant Accounting Policies –

Description of Business

The Company is a securities broker-dealer registered with the Securities and Exchange Commission and regulated by the Financial Industry Regulatory Authority. The Company is primarily an agent for clients in mutual fund and variable annuity transactions in the midwestern United States.

Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue

Revenue is recognized when earned.

Income Taxes

The Company, with the consent of its shareholder, elected to be taxed as an S corporation under the provisions of the Internal Revenue Code and applicable state regulations. Accordingly, no provision for income taxes is included in these financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2008.

2. Subordinated Borrowing –

The liability is due to the sole shareholder, subordinated to the claims of any general creditors, noninterest bearing, and due August 31, 2013.

CMP EQUITIES, INC.

NOTES TO FINANCIAL STATEMENTS

3. Net Capital Requirement and Exemption –

The Company is subject to the Securities and Exchange Commission (SEC) Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires the ratio of aggregate indebtedness to net capital, both as defined, not exceed 15 to 1 (and the rule of the “applicable” exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). Net capital and the related net capital ratio fluctuate on a daily basis; however, at December 31, 2011, net capital under the rule was \$6,278, which exceeded the minimum capital requirement by \$1,278. Aggregate indebtedness was \$0 at December 31, 2011, resulting in a ratio of aggregate indebtedness to net capital of 0 to 1.

The Company operates under the provisions of paragraphs (k)(2)(i) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of the Rule.

4. Concentrations –

During 2011, two customers comprised approximately 43% and 49% of commission earned, respectively.

5. Subsequent Events –

Management has evaluated subsequent events through February 23, 2012, the date at which the financial statements were available to be issued.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION REQUIRED BY  
RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION

The Director and Stockholder  
CMP Equities, Inc.  
Eden Prairie, Minnesota

We have audited the financial statements of CMP Equities, Inc. as of and for the year ended December 31, 2011, and have issued our report thereon dated February 23, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained on page 10 required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lurie Besikof Lapidus & Company, LLP*

Lurie Besikof Lapidus & Company, LLP  
Minneapolis, Minnesota

February 23, 2012

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CMP EQUITIES, INC.

COMPUTATION OF NET CAPITAL  
December 31, 2011

NET CAPITAL	
Stockholder's equity	\$ 3,835
Addition of subordinated borrowing	3,000
Deductions of nonallowable assets:	
Prepaid expenses	<u>(557)</u>
NET CAPITAL	\$ <u>6,278</u>
BASIC NET CAPITAL REQUIREMENTS	
Net capital	\$ 6,278
Minimum net capital required	<u>5,000</u>
EXCESS NET CAPITAL	\$ <u>1,278</u>
AGGREGATE INDEBTEDNESS	\$ <u>-</u>
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>-</u>
RECONCILING ITEMS TO THE COMPANY'S COMPUTATION INCLUDED IN PART II OF FORM X-17a-5 AS OF DECEMBER 31, 2011	
Net capital as reported by the Company	\$ 6,278
Net audit adjustment to reclassify compensation as a distribution	<u>-</u>
Net capital	\$ <u>6,278</u>

See independent auditor's report – supplementary information.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
REQUIRED BY SEC RULE 17a-5(g)(1) FOR A BROKER-DEALER  
CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3

The Director and Stockholder  
CMP Equities, Inc.  
Eden Prairie, Minnesota

In planning and performing our audit of the financial statements of CMP Equities, Inc. (the Company), as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the director and stockholder, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Lurie Besikof Lapidus & Company, LLP*

Lurie Besikof Lapidus & Company, LLP  
Minneapolis, Minnesota

February 23, 2012

Lurie Besikof Lapidus —  
& Company, LLP

CMP EQUITIES, INC.  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

December 31, 2011

CMP EQUITIES, INC.

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

December 31, 2011